

**SOUTH CAROLINA  
STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY**

**ANNUAL ACCOUNTABILITY REPORT  
FISCAL YEAR 2000-2001**

Submitted to  
South Carolina Budget and Control Board  
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## Section I

### Executive Summary

For the past 30 years, the South Carolina State Housing Finance and Development Authority has been helping low- and low-to-moderate income families, older adults, persons with disabilities, and others who are frequently underserved find quality, safe, and affordable housing. The Agency exists for the primary purpose of expanding housing opportunities for lower income South Carolinians as defined by governing State and Federal Legislation. It is able to do this by using its proven financial strength to sell securities to investors nationwide. The Authority accomplishes its mission by offering quality housing programs and services, working collaboratively with other public agencies and nonprofit organizations, and forging effective partnerships with the private sector.

The South Carolina State Housing Finance and Development Authority focuses delivery of its services on the following organizational values:

- **Public Trust:** At the State Housing Authority we take responsibility for our actions and protect the public trust by upholding the Constitution and laws of our nation and our state.
- **Quality and Innovation:** We constantly seek to improve our knowledge and ability to serve our customers. Professionalism, Quality, and Innovation are the hallmarks of the Authority.
- **Employee Focus:** We recognize that employees are our most important assets and ensure that our staff has the tools and the training they need to be successful. We recognize and reward them for their outstanding contributions to our mission.
- **Customer Focus:** We strive to know and understand our customers and their needs, continually seeking to improve our service. We respect all persons and value their diversity.

The Authority envisions that all South Carolinians will have the opportunity to ***live in safe, decent, and affordable housing***. In pursuing its vision, the Authority bases its operations on the following housing goals:

- To support the development and availability of safe, decent, and affordable housing.
- To expand homeownership opportunities.
- To support the preservation of existing housing stock.
- To support housing initiatives to assist the homeless, persons with special needs, and the elderly.

These goals are addressed by the following strategies:

- Continue to use HOME funds for the construction of at least 100 affordable rental units, new construction, and housing rehabilitation.
- Promote public/private housing partnerships that develop housing units, provide further investment in low-income housing, and ensure long-term affordability for low-income persons.

During last year, the Authority issued a total of 58 Certifications of Consistency with the State's Consolidated Plan for a variety of housing sponsors. This represents a 64% increase over last year in federal (HUD) housing program applications submitted by public and private-sector housing sponsors. This substantial increase can be attributed to several factors to include: increased statewide demand for all types of housing assistance, but especially for very low income populations; the availability of additional technical assistance resources used to improve both administrative and development capacity of housing partners; expanded access to and use of the Internet to research funding opportunities; and enhanced community outreach and education.

The six cornerstone programs administered by the Authority contributed a combined total of \$320 million in public investment financing during calendar year 2000. These substantial resources financed the development of some 4,220 affordable units that, when completed, will house an estimated 62,636 low- to moderate-income South Carolinians.

The Authority's investment in affordable housing initiatives more than doubled, and the level of housing assistance tripled in 2000. Perhaps the most important fact is that overall investment in affordable housing development increased substantially in 2000 due to maximized resource leveraging: Agency-managed public funds leveraged private (or other) resources at a phenomenal seven-to-one (7:1) ratio. The economic impact of the leverage ratio is tremendous. Each dollar of public funds attracted another seven dollars of private resources. These additional resources greatly expanded affordable housing options for lower income persons of this state and continue to be essential to the Authority's ability to meet increasing needs.

The Authority, through its network of over 40 Participating Lenders, helped a record 1,688 individuals and families achieve the dream of owning their own home in 2000. The agency recruited new loan originators (banks and mortgage companies) as participating lenders in its homeownership programs, offered more homebuyer education counseling seminars across the state, enhanced its community outreach initiatives, and encouraged more diversity among its members. These efforts combined to create a record-setting year of service to the state, coincidentally during the Authority's 30<sup>th</sup> year anniversary.

Another significant accomplishment was passage of the Omnibus Spending Bill in December 2000 by the 106<sup>th</sup> Congress. The South Carolina State Housing Finance and Development Authority and other state housing finance agencies across the country dedicated themselves to a three-year legislative campaign to increase the Private Activity Bond and Housing Credit Caps. This multi-year effort proved successful at the end of the 2000 Congressional legislative session. With the help of housing providers, advocates, the private sector, industry groups, and South Carolina's Congressional Delegation both Cap Increase bills passed. Once fully phased-in these increases will substantially expand homeownership opportunity and rental housing production statewide, including hard-to-serve rural and low-wealth communities. The Authority projects that, as a result of the passage of these two bills, more affordable first mortgage loans and an estimated 400

additional rental units can be financed each year, assisting in meeting the housing needs of thousands of South Carolinians.

The need for rehabilitating the existing stock of substandard owner- and renter-occupied housing units continues to be a major housing issue for South Carolina. Families with sufficient income can generally secure financing to maintain and repair aging homes. However, needs assessments conducted by communities throughout the State have shown that there are significant numbers of low- and moderate-income persons who need assistance to even bring their houses in compliance with the Section 8 Housing Quality Standards. Through the rehabilitation of existing housing, communities are able to preserve neighborhoods and improve the quality of housing for their low- and moderate-income citizens. This is an important effort, especially given the limited development of affordable housing units. Rehabilitation also assists the elderly and disabled in making their homes adaptable to their special needs. Lead based paint hazards are also reduced and abated through housing rehabilitation activities.

In many communities across the state, available housing stock suitable for rehabilitation and (adaptive) reuse is limited. Often existing housing is too expensive to rehabilitate due to any number of factors including severe substandard condition, square foot/unit cost (program) limitations, local land use restrictions, prohibitive building supply/construction materials and labor costs, as well as historic preservation and community standards requirements. Many localities also have limited capacity to compete for or administer public funds. The Authority encourages rural communities to apply for existing housing and community development assistance resources and to secure permanent local capacity sufficient to enable successful program implementation.

There is also a limited number of available housing contractors and a limited number of contractors who will typically participate in these projects. This is due to various factors including negative perceptions of federal projects, perceived excessive regulatory burdens, lower profit potential, and other issues. Some regions of the state face a particular problem with this and experience delays in project implementation as they must wait for contractors to become available before houses can be rehabilitated.

Demand for rental and special needs housing for young families, the elderly and disabled continues to increase statewide. The need for expanded housing options for these populations is often further complicated by their very low household income. The supply of housing development providers with sufficient capacity to develop affordable rental housing in rural communities, group homes, assisted living facilities, and shelters is severely limited geographically. The rising land and building supply costs are likely to make affordable housing development infeasible (or prohibitive). These areas where affordable housing is most needed are also those with high unemployment and low per capita income rates. In some areas of the state, development of quality housing is a booming business, while in other communities very little if any such housing is being produced at a sufficient rate to meet demand.

Another significant barrier continues to be the prevalence of NIMBY (“Not In My Backyard”). Many communities continue to resist efforts to develop housing for a variety of special needs populations. Opposition to the location of such housing is often related to property value impact, safety, community building and aesthetic standards, and socio-economic prejudice that often lead to housing discrimination. Expanded economic opportunity through the creation of jobs is an important factor to consider in evaluating the State’s progress and performance in non-housing community development.

Despite recent and significant improvements in administrative performance and increased local development capability among housing sponsors, significant challenges remain. Small nonprofit and private developers often have difficulty accessing and/or mastering the skills necessary to become effective partners. However, the Authority recognizes that they play a vital role in assisting to develop housing and deliver services locally; without their assistance much of the development needed in communities across the state will not occur. Technical, administrative, and housing development capacity deficiencies still exist in every county in South Carolina. As such, many prospective development partners are unable to effectively compete for and administer public funds. These deficiencies persist as real barriers to sustained improvement in many rural and small suburban communities across South Carolina. The Authority continues to seek ways to overcome these and other barriers through a combination of coordinated outreach and education, technical assistance and skills training.

## **Section II**

### **Business Overview**

South Carolina State Housing Finance and Development Authority (SHFDA) was created in 1971 by Act No. 500 to initiate innovative programs that over time would provide adequate housing for all South Carolinians. The statute authorized the Authority to investigate housing conditions; acquire, own, and lease personal property; construct, reconstruct, and operate housing developments; and provide assistance in planning and constructing housing for members of the Beneficiary Classes (individuals or families whose gross annual income falls within the low or moderate-to-low income limits defined by State and Federal legislation).

The Authority performs the following functions:

- Stimulate housing construction and renovation activities by providing essential technical assistance and grantsmanship expertise to public and private entities interested in housing;
- Serve as a conduit for Federal housing assistance by receiving commitments under the public housing, leasing and other appropriate housing programs and by acting in the role of a non-profit sponsor;
- Function as a financial institution by selling tax-exempt securities and using the proceeds to purchase mortgages for new construction and renovations; and act as a housing and community development entity, utilizing its wide range of financial, legal and developmental powers.

The Authority has 115 FTE (full-time equivalent position) slots available that are filled with 109 full-time permanent employees. The Authority also employs one part-time temporary and four full-time temporary employees. The Authority operates from two locations in Columbia: 919 Bluff Road and 711 Bluff Road. The Homeownership section, which includes Loan Administration, Loan Purchase and Mortgage Servicing, was moved to 711 Bluff Road in December of 2000 to accommodate the need for space required to house employees added by the Contract Administration program. The remainder of the Authority programs including Finance and Administration; Legal; Development; Planning & Research; Rental Assistance & Compliance; and Restructuring are still operating from its main location on 911 Bluff Road in Columbia.

The Authority is a self-sustaining agency that does not rely on state funds for its operations. It is supported through funds generated by the sale of revenue bonds; Federal programs funded by the U.S. Department of Housing and Urban Development (HUD); user fees; and State Documentary tax funds transferred to the SC Housing Trust Fund. All Notes and Bonds issued by the Authority are special obligations of the Authority and do not constitute a debt, grant, or loan of credit of the State of South Carolina, or any political subdivision thereof. The Authority works in partnership with the private sector and operates in a fashion that more closely resembles a private financial institution than a government entity.

In order to provide service to its customers, the Authority works in partnership with developers of affordable housing; real estate professionals; mortgage brokers and mortgage bankers; landlords and property managers; federal agencies (such as Housing and Urban Development; Internal Revenue Service; Department of Agriculture -Rural Housing, Veterans Administration); state agencies (including Department of Commerce; Human Affairs Commission- Fair Housing; Department of Consumer Affairs; Department of Mental Health; Department of Disabilities and Special Needs; Department of Alcohol and Other Drug Abuse Services , Department of Labor, Licensing and Regulation; Department of Social Services; Governor's Office; Legislative members and staff; Budget and Control Board); members of Congress and staff; not-for-profit housing providers; affordable housing advocates.

The programs are established to serve low to moderate-income South Carolinians through providing housing assistance and producing affordable housing units. The primary customers of the South Carolina State Housing Finance and Development Authority are all low to moderate income persons who are in need of safe, decent, and affordable housing. Other customers are real estate developers, federal and state agencies that collaborate with the Authority to provide housing opportunities, mortgage bankers, and bond holders.

Demand for all forms of affordable housing assistance is steadily increasing statewide. The most common types of assistance include home mortgage and down payment loans for entry-level homebuyers; rental housing construction and rehabilitation for moderate and lower income households in urban and larger suburban markets; rent and utility subsidies for the very low income, elderly, and disabled; preservation of existing units in low-wealth, high cost and other difficult to develop areas; and funding for deferred home maintenance and repairs for low income, seniors and the disabled.

The Authority operates six major programs: Homeownership, Multi-Family Tax Exempt Bond Financing, Rental Assistance (Section 8) and Compliance Monitoring, Low Income Housing Tax Credits, HOME Investment Partnerships, and Restructuring. The **Homeownership Program**, the core of the Authority's operations, provides affordable homeownership opportunities for persons and families of low- and moderate-to-low income in South Carolina, primarily through the sale of tax-exempt mortgage revenue bonds. The combination of funds generated by the sale of these bonds and prepayments support the homeownership program. These funds are recycled to finance new reduced interest rate mortgages for first-time homebuyers and used for other related affordable housing activities.

The **Multi-Family Tax Exempt Bond Financing Program** provides affordable rental housing opportunities to lower income South Carolinians through the construction of new units or the preservation of existing units through rehabilitation.

The **Rental Assistance (Section 8) and Compliance Program** provides housing and utility assistance to low and very low income South Carolinians to enable them to rent a



decent and safe place to live. The Rental Assistance program is funded directly by the U.S. Department of Housing and Urban Development and administered by the Authority.

The **Restructuring** Program, otherwise known as **Mark-to-Market**, began when the Authority was selected as Participating Administrative Entity and given the task of administering the program at the ground level. Mark-to-Market is a Federal program designed to reduce outlays for project based Section 8 rental assistance while preserving affordable housing.

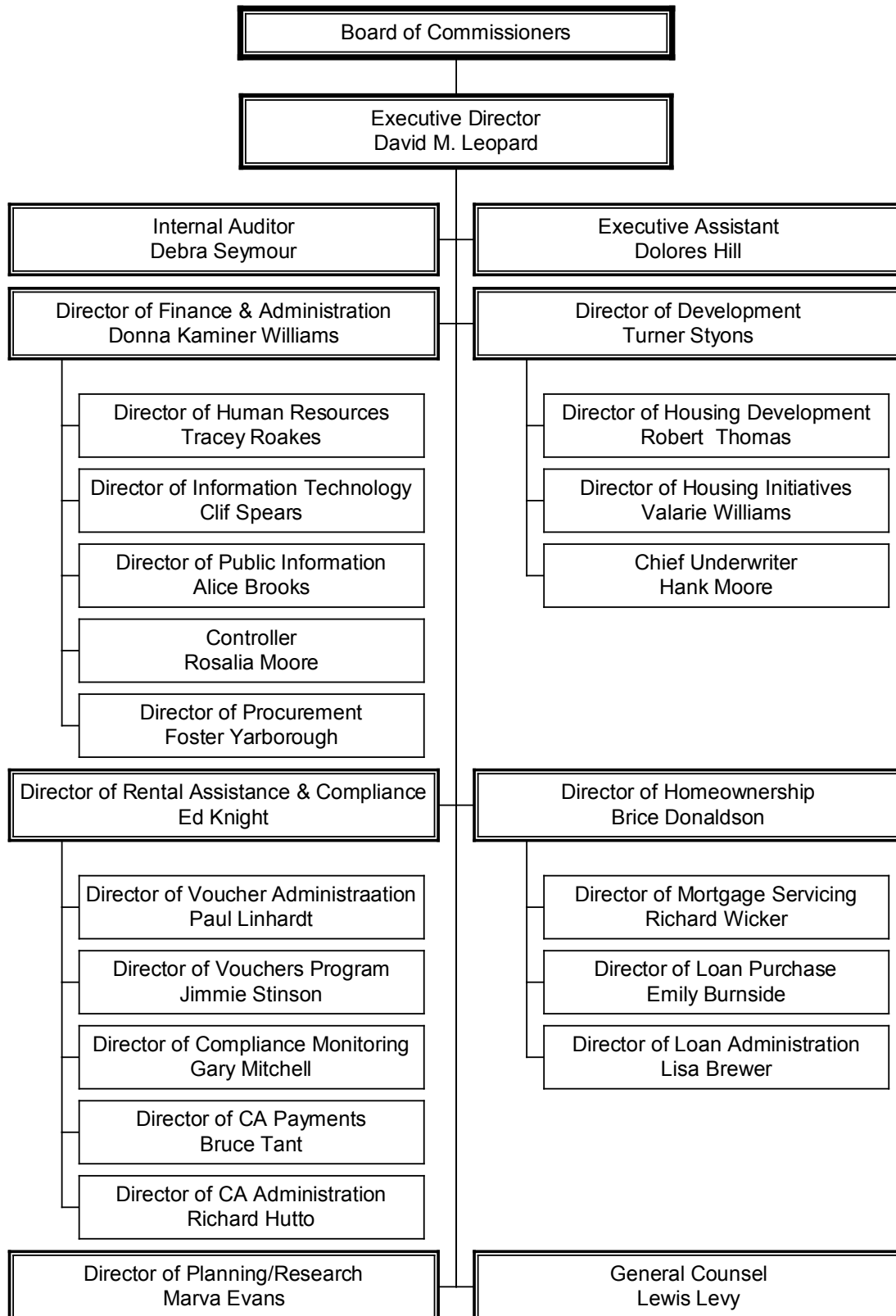
The Authority allocates and monitors the **Low Income Housing Tax Credit Program** for the State of South Carolina. The Tax Credit Program is managed by the Internal Revenue Service and is the primary source of new affordable rental housing production in the State and nationwide. Rental units financed with tax credits are created primarily through new construction or rehabilitation. The program encourages private development of quality rental housing offering income tax credits as an incentive to private real property owners and developers to construct, rehabilitate, or purchase units for rent to lower income families or individuals.

The **HOME Investment Partnerships Program** is designed to promote partnerships between and among the public and private sectors to support a wide range of affordable housing activities from owner-occupied housing rehabilitation, to home buyer assistance, to rental unit construction, to tenant-based rental subsidy. Through a competitive process, participants receive HOME funding for rental, homeownership, and owner-occupied replacement housing. The HOME program is funded directly by the U.S. Department of Housing and Urban Development and administered for the State by the Authority. Funds in the form of loans and grants are awarded to governmental units, traditional nonprofit agencies, for-profit developers, and special nonprofit organizations called Community Housing Development Organizations (CHDOs).

The **Housing Trust Fund** makes financial assistance available for increasing or improving the supply of housing for the very low or lower-income citizens.

The Authority's assistance priorities reflected many of the state's most pressing housing needs. During 2000, the majority of agency resources were invested in activities that benefited those with greatest housing needs. Sixty-four percent (64%) of all available resources helped those with more emergent housing needs including the disabled, elderly, and very low income. This represents a commitment of \$204 million in tenant rent and utility payments (subsidy), multi-family construction and preservation, and home repair assistance. The remaining \$116 million (of a total \$320 million) was dedicated to the expansion of homeownership opportunities for lower and moderate income, rural and minority South Carolinians.

# South Carolina State Housing Authority Organizational Chart



**SC State Housing Finance and Development Authority  
Base Budget Expenditures and Appropriations**

	<b>99-00 Actual Expenditures</b>		<b>00-01 Actual Expenditures</b>		<b>01-02 Appropriations Act</b>	
<b>Major Budget Categories</b>	<b>Total Funds</b>	<b>General Funds</b>	<b>Total Funds</b>	<b>General Funds</b>	<b>Total Funds</b>	<b>General Funds</b>
Personal Service	3,554,349.69	0	4,066,965.93	0	4,428,036	0
Other Operating	2,187,008.51	0	2,931,495.14	0	2,709,172	0
Special Items						
Permanent Improvements						
Case Services	19,260,530.24	0	29,799,389.81	0	140,099,937	0
Distributions to Subdivisions	8,801,860.17	0	8,311,905.48	0	8,000,000	0
Fringe Benefits	869,792.59	0	1,045,222.00	0	1,198,258	0
Non-recurring						
<b>Total</b>	<b>\$31,673,541.20</b>	<b>\$0</b>	<b>\$46,154,978.36</b>	<b>\$0</b>	<b>\$156,434,403</b>	<b>\$0</b>

## **SECTION III**

### **1. Leadership**

**1.1.a.** The Board of Commissioners provides policy direction for the agency. Agency senior leadership sets, deploys and communicates short and long-term direction through the strategic planning process, EPMS documents, executive and management staff meetings, all-staff meetings, executive and management staff program reviews, and meetings with individual program staffs. The Agency believes in empowering employees to the greatest extent practicable. Therefore, a large amount of the short-term planning and direction is derived directly from the staff. Again, direction is deployed and communicated through the EPMS system and departmental meetings.

**1.1.b.** Performance expectations are set through the establishment of measurements and the EPMS planning stage. Senior leaders and/or managers meet with individual employees to agree upon written stages of EPMS documents.

**1.1.c.** Organizational values of the Authority, established in the initial strategic plan process, include Public Trust, Quality and Innovation, and Employee Focus. To communicate the values, the Executive Director meets with all new employees in small groups discuss the strategic plan, including the organizational values, and how each employee contributes to the success of the Authority. Copies of the strategic plan document are provided to each agency employee. In addition, the Employee Handbook and agency newsletter are used to promote and reinforce the values.

**1.1.d.** Employee innovation is encouraged and wholly supported by the Authority. For example, as a result of suggestions from several employees, the Agency developed a pilot program to offer Spanish classes for the employees dealing with Spanish-speaking customers. The pilot program will be evaluated to determine its benefit in enabling staff to better serve our customers. The Agency leadership also empowers employees through the use of teams. An example of this is the Employee Recognition Program that was designed by a team of non-management employees. The Employee Recognition Program recognizes the outstanding performance and contributions made in carrying out the mission, vision, and values as outlined in the Authority's Strategic Plan. The Program stresses the importance of individual contributions in productivity and teamwork. This Program recognizes the most outstanding employee and manager of each year, and a monetary award is given to each of the recipients.

**1.1.e.** The Authority recognizes that its most important asset is the employee who must do the work and ensures that its staff has the tools and the training needed for success. To this end, the agency's Staff Development and Training Plan identifies required and optional training for individual employees. All employees attend mandatory training courses as outlined in the individual training plans. All supervisors are required to complete the Associate Public Manager certification training offered by the State Budget and Control Board. In addition, all staff members are encouraged to take advantage of additional training and enhancement courses offered to Authority employees. Computer

skills and personnel training are often provided in-house. Employees also participate in other training programs such as the Executive Institute, Certified Public Manager Program, National Council of State Housing Agencies (NCSHA) meetings and workshops, and the NCSHA Executive Leadership Program. The Authority also encourages participation in various professional organizations.

**1.1.f.** Ethical behavior standards are communicated by the actions and examples of agency leadership and through the employee handbook, personnel policies, and through daily contact between management and staff, the EPMS system and departmental meetings. Progressive discipline and proper conduct are addressed in performance reviews and on an ongoing basis as needed. Employees are encouraged to question potentially unethical policies and to express concerns to management.

**1.2.** The Authority has at its core a sincere commitment to quality customer service and constituent satisfaction. Customer focus is one of four stated values in the agency's Strategic Plan. The Authority strives to continually improve its processes, programs and the services it delivers to internal and external customers through regular assessment and reform. The Authority measures success in meeting customer and stakeholder expectations using formal and informal feedback methods. Surveys are the primary method for assessing customer satisfaction. Internal and external customers and stakeholders are surveyed. Internal customers are defined as agency staff, commissioners, and professional service providers. Housing development partners, stakeholders and consumers represent our external customers. Surveys are the primary method used to measure customer satisfaction. The Authority also utilizes a variety of other feedback methods to include advisory councils, project-specific planning and development teams, focus groups and public hearings.

The Authority conducts a Customer Satisfaction Survey. The survey is designed to elicit qualitative information on the effectiveness of agency processes and programs, in addition to new product and service suggestions our customers consider important. Survey questions range from those related to departmental responsiveness and cycle times – to the effectiveness of our programs and services – to the quality of training materials and publications.

The Authority management hires and trains with the customer in mind. Focus on customers is established, communicated and promoted in the following ways:

- By being open to meet with the customers and listening to their proposals or complaints;
- By returning telephone calls promptly and answering correspondence; by incorporating Customer Focus in our organizational values;
- By conducting surveys, public hearings, meetings with various sectors, workshops, etc.
- By continually emphasizing the importance of our customers to Agency employees.

**1.3.** Key performance measures regularly reviewed by senior leaders include utilization of program funds in meeting the objectives of the program; the number of housing units produced; cost effectiveness of programs; project status reports and fee schedules; loan turn-around time; delinquency and foreclosure ratios; and accounting errors.

Management and staff continually strive to improve customer service. Adjustments and improvements are made in program areas based on information gathered during departmental meetings and customer surveys. Staff members make every effort to respond to customer needs in a timely and accurate fashion.

**1.4.** Performance review findings allow senior leaders to learn of areas that need improvement and further development and, at the same time, gain expanded insight as to the processes that are effective and productive. Consequently, because of open communication within the department, senior leaders increase management skills and create a more productive workforce.

**1.5.** All programs of the Authority are designed to serve the low- and moderate-income citizens of the State and all of those programs require public hearings at some point in their development and implementation.

The Agency also maintains active communications with community leaders and state legislators. Developers are required to coordinate their efforts through community leaders. State legislators are notified when awards have been made in their respective districts. We create broad based support through developer workshops, community and tenant meetings, partnerships, and support from the news media. We attempt to make the public aware that our loans have a far greater impact on the economy of the State than just financing the home. Our programs provide incomes for the lenders, realtors, builders, appraisers, lawyers, building supply companies, and other peripheral businesses.

Risks associated with the impact of Agency programs on the public are addressed by ensuring that staff keep abreast of current housing rules and regulations. Outreach programs are conducted and notices are sent to increase public awareness of the issues and to keep the public informed when rules and regulations are modified.

**1.6.** Organizational priorities for improvement are set through utilization of employee feedback and information gathered from customer surveys and departmental meetings. Key organizational priorities for improvement are communicated through the Strategic Planning Process, the EPMS documents, and regular staff meetings.

**1.7.** We make every attempt to serve the communities that need the most help. For example, most of our programs that depend on rating and ranking provide extra points for areas that are underserved. We are currently undertaking a statewide Housing Needs Assessment, designed to identify the areas of greatest needs, so we can further fine-tune our awards processes. Our resources are directly invested in many communities throughout the state. We listen to discover what our communities need and structure alliances to achieve those objectives. The impact that our programs have on the community provide economic advantages to numerous people and businesses.

## **2. Strategic Planning**

**2.1. a-e.** The nine-month process of strategic planning started in 1996 at a Management Team retreat. During the retreat, the values, vision, and mission statements were developed to serve as a foundation for the steps that followed. The Agency was guided by a team of six people through the internal and external analysis phases. All agency employees had the opportunity to contribute to planning cycle and make suggestions for improvement. During a second retreat the Management Team developed strategic issues and the strategies that would deal with the issues. The Authority's Board of Commissioners reviewed the major products and voiced support for the entire process.

Key Issues and Strategies are reviewed and updated every two years by the management staff. The Executive Management Team and managers of each division meet at various time intervals during the year to review the progress on what has occurred and to make adjustments when changing circumstances dictate.

**2.2.** In developing action plans, we rely on feedback from the organizations that implement our programs across the State. They assist us in allocating agency resources to address the most pressing needs they have identified, particularly as relates to staff positions. For example, when our workload backlogs in a particular program or support area, we reevaluate staff assignments and make adjustments as necessary to accomplish the newly identified or anticipated needs. For Federal programs that provide audits and performance reviews, we receive direct feedback from the monitoring departments of these federal agencies as to how well we are performing a specific task. As programs grow, we constantly reevaluate our staff needs and reassign staff when appropriate. When a vacancy occurs, the position is studied to determine if it could be more effectively used in another program area.

In addition, a large amount of the action plans and performance measures are derived directly from the staff. Objectives, plans and measures are then communicated through the EPMS system and departmental meetings.

**2.3.** Once the strategic plan has been reevaluated and adjusted and the key issues and strategies have been aligned with the updated plan by the executive staff, the information is communicated to division managers and all agency employees through divisional meetings. The Executive Director also meets with each new employee to discuss the strategic plan and the employee's role in supporting the accomplishment of the plan.

### **3. Customer Focus**

**3.1.-3.2.** The end customer is the person that benefits from our programs directly; i.e., the person who receives the low-interest mortgage or the subsidized rent. In order to determine who our customers are and what are their key requirements, we host roundtable meetings, conduct classes and workshops, use surveys, public meetings, and focus groups.

In order to provide service to these customers, we must work through a network that includes: developers of affordable housing; real estate professionals; mortgage brokers and mortgage bankers; landlords and property managers; Federal Agencies (HUD, IRS, Department of Agriculture (Rural Housing), Veterans Administration); State Agencies (Department of Commerce, Human Affairs (Fair Housing), Consumer Affairs, Department of Mental Health, Department of Disabilities and Special Needs, DAODAS, LLR, DSS, Governor's Office, Legislative Members and Staff, Budget and Control Board); members of Congress and staff; not-for-profit housing providers; and affordable housing advocates.

**3.3.** In an effort to keep abreast of changes in the business environment, staff employees routinely attend realtor and builder conferences and trade shows as well as the National Council of State Housing Authorities (NCSHA) sponsored conferences to get first-hand input on customer program requirements.

Tenants are contacted through on-site meetings and surveys that indicate overall property condition and the quality of relationships with management. The surveys are also conducted to ascertain the customers' level of satisfaction with the services provided and to receive feedback on possible additional services required. Property Owners are provided with the opportunity to attend housing forums conducted semi-annually by Authority staff. The authority submits semi-monthly processing status reports to the Office of Multifamily Assistance Restructuring.

**3.4.-3.5.** Information and feedback received from customers and stakeholders are often reflected in the action plans, applications and criteria of our programs. The Annual Qualified Allocation Plan for the Low Income Housing Tax Credit begins with the agency hosting conferences through the year to identify what developers need. A draft plan is developed based on that input, and the plan is presented at a public hearing. Developers then may offer additional suggestions in writing before the document is finalized.

Feedback from tenants obtained by surveys and tenant meetings is also used to correct physical deficiencies with housing and problems with property management to meet customer needs. Feedback from customers is used to adjust programs. As a result of complaints received from lenders, realtors and builders about income and house price limits, both limits have been adjusted. Lenders asked for a better reservation system; that resulted in the Lender On Line loan reservation system that allows lenders to enter mortgage loan reservations and access loan information via the Internet.



**3.6.** We host the Governor's Housing Forum each year, which brings affordable housing stakeholders from across the State together to learn and share. We work closely with such groups as the Low Income Housing and support them financially as well. We sponsor the Housing Excellence Awards Program which recognizes people and organizations across the State who contribute to affordable housing. In addition, we sponsor the Coloring and Essay Contest that recognizes children of families living in a home or apartment financed by one of our housing programs.

The key to building and maintaining positive relationships is doing a job correctly and in a timely manner, listening to our customers and making every attempt to satisfy and meet their needs. HUD, the IRS, and other regulatory agencies are primarily interested in compliance with rules and regulations and timely reporting. Property owners and managers look for correct and timely payments and consistent application of the rules. Tenants demand and have a right to confidential, accurate, timely, and courteous service. Mortgagors' primary concern is the accuracy of their taxes and insurance. Lenders, realtors, and builders are satisfied by a quick turn around time and our willingness to work with them on problem loans.

The Authority's Executive Director has chaired the South Carolina Partners In Homeownership (the Partnership) for the past five years. The Partnership, a community service initiative of the Authority, is an affiliation of now over 45 public agencies, businesses, industry associations, and nonprofit organizations working collaboratively to increase homeownership opportunity in South Carolina. The Partnership has evolved into a widely regarded "think-tank" discussing timely industry issues, developing strategies, and elevating the level of discourse statewide on homeownership and other affordable housing needs.

The Partnership hosts an annual Homebuyers Fair and Workshops. The Fair has grown in popularity and scope each year since the inaugural event in June 1998. The 2001 event featured prominently the Partnership's efforts to serve South Carolina's growing Hispanic/Latino population. Business leaders and community resource organization representatives served on the planning committee. Promotional materials were translated in Spanish, media efforts were undertaken to address the housing and employment needs of this new minority market, and, for the first time, consumer education workshops were conducted in Spanish. Nearly 400 persons attended the 2001 Fair, and the workshops served another 100 prospective homebuyers. Over the years, Authority leadership broadened the Partnership's membership and deepened its resolve to find effective ways to meet the state's increasing affordable homeownership demand. In 2000, South Carolina's homeownership rate was 76.5% - representing the highest rate in the Southeast region and second highest overall state homeownership rate nationally.

#### **4. Information and Analysis**

**4.1.** National standards for program in addition to internal and external needs define the operations, processes and systems that need to be measured. In addition, we had an extensive session with the Agency executive staff, facilitated by an outside professional, to determine which measurements would be most meaningful both internally to program managers and also to customers who rate the Authority's effectiveness and efficiency. For example, the delinquency rate and the foreclosure rate are critical to the Mortgage Servicing program. The outstanding unpaid balance on our mortgage loan portfolio is about \$500 million. The delinquency rate has to be kept low to protect the Authority's assets. The Loan Purchase operation must quickly invest available funds in new mortgage loans so as to maximize Authority earnings.

**4.2.** Data quality, reliability, completeness and availability for decision-making is ensured in the following ways:

- All program inputs and outputs are reviewed on an annual basis.
- Financial data is systematically reconciled to the Housing Trust Fund database
- Work done by contractors for each tenant assisted is verified or reviewed annually.
- All Section 8 tenants are re-certified annually and have their income verified directly by the source.
- TANF (formerly Aid to Families With Dependent Children, AFDC), Child support and Social Security benefits are verified via computer link with the SC Department of Social Services.
- Contract Administration and Tax Credit compliance require that a sample of tenant files be reviewed for proper and timely income verification.

To ensure data quality and reliability, the Authority has been increasingly integrated leading-edge information technology into most of its business processes. Almost all aging computers and networking equipment have been replaced. The Technology Center is using state-of-the-art back office software and receives specialized technical training for the mission-critical products that are in place. Agency information and various other services are provided to all employees using the Agency's intranet. Communicating our employment Policies and Procedures, processing leave requests and approvals, scheduling, reserving presentation equipment and meeting rooms, taking telephone messages, and other routine office tasks can all be done using customer solutions on our intranet.

Similar information services are offered to our external customers using our public World Wide Web site and secure extranet site, designed for use by our business partners. Lenders who initiate Agency-funded home loans can reserve funds and receive instant feedback on the status of loan reservations that are being processed by the Loan Purchase Department. Developers who attend our training events and conference can register for these events on-line. Application forms and instruction manuals for the Agency's various housing programs are available on-line also. Many forms can be filled out and submitted electronically.

**4.3.-4.4.** Programmatic data is reviewed annually and is used to make and justify changes in the programs. The analysis of information received allows those in decision-making positions to:

- Ensure compliance with program eligibility requirements.
- Assess and adjust program policies and procedures to meet customer and stakeholder needs.
- Determine any needed action for performance improvement.
- Future plans include performing historical analysis of costs to use the data to pinpoint areas that may be underserved or overbuilt.

## **5. Human Resource Focus**

**5.1.** Beyond the standard state benefits, employee performance management system and the Authority's incentive pay plan, we also offer internal programs such as Employee Recognition Program that includes Employee of the Year and Manager of the Year bonuses. The objective of the Employee Recognition Program is to recognize the outstanding performance and contributions made in carrying out the mission, vision and values as outlined in the Authority's Strategic Plan. The program stresses the importance of individual contributions in productivity and teamwork. It recognizes the most outstanding employee and manager of each year. In addition to peer recognition, the recipients also receive a monetary award. Additionally, the Authority has adopted a tuition assistance policy that provides for employees to attend courses that are directly related either to the employee's position or to a position to which the employee could progress or that is a part of a planned degree program in a field related to the Authority's mission. We have a great deal of movement within our Agency and many employees have made lateral moves that provided a new career track for them. We encourage internal applicants for all vacant positions, and many top management positions have been filled from within the ranks.

**5.2.** The Authority ensures that staff has the tools and the training needed for success. The Agency has developed a comprehensive training plan that includes individual training requirements for each employee. Each employee is required to undergo training sessions on Diversity, Team Skills, Introduction to Quality, Sexual Harassment, and Myers Briggs Type Indicator.

We offer the best in technical training, both in functional areas and information technology. The classes are in-house, live, hands-on courses of generally short duration, with a computer for each student and an instructor available for personal attention. Employees can choose what classes to attend according to their individual training plans and work needs. Every staff member has the opportunity to receive not only the core technical training required for the job, but also to continue through more advanced courses.

In order to improve services to the increasing number of Hispanic customers, the Authority recently offered a Conversational Spanish Course as a pilot program for 17 employees.

In addition to basic computer skills and job-specific training required for each employee, supervisors are required to complete the Associate Public Manager (APM) course provided by the Budget and Control Board. Managers are encouraged to complete the Certified Public Manager (CPM) training and seven agency managers have received certification. Eight agency employees have graduated from the Executive Institute; another employee will be attending the Institute during the 2001-2002 session.

All Agency employees receive additional job-related training directly from their supervisors. All housing workers are also sent to professional training and certification seminars. Periodically all employees attend refresher classes to keep them up-to-date.

**5.3.** In order to track employee performance progress, supervisors complete annual performance reviews. As an incentive, Pay for Performance increases are given to employees whose performance merits such an increase. Employees are encouraged to give feedback during their reviews and to participate in developing a personalized action plan of goals to accomplish and of areas that need improvement. At the completion of the year, the employee is rated on this performance. Employees are encouraged to discuss issues of concern. Employees are encouraged to contribute ideas and talents and are recognized for doing so.

**5.4.** Employee well-being, satisfaction, and motivation are assessed through the initiation of frequent discussions, observation of employee behavior, and employee satisfaction survey.

**5.5.** The Agency maintains a safe and healthy work environment through preserving the knowledge of safety rules and regulations and ensuring compliance. The Authority has developed emergency procedures and has established a team to coordinate emergency preparedness efforts. The Authority's employees are encouraged to participate in the State wellness program. In addition, the Agency has also held management level training on Worker's Compensation reporting procedures.

**5.6.** The Authority regularly supports Red Cross blood drives and encourages employee participation every two months by giving the employees time off to do this. We also mount a very aggressive United Way campaign every year. Employee campaign leadership rotates by department. Employees use innovative ways to encourage participation in the campaign fundraising (such as a dunking booths and managers washing cars). The Authority holds a "Christmas in July" food drive to help stock the Emergency Food Pantry of Harvest Hope Food Bank. Agency employees also support Habitat for Humanity, Salvation Army, Good Health Appeal, Black United Fund, Muscular Dystrophy Association, as well as other charities each year at Christmas. In addition, the Authority is an active member of the Greater Columbia Chamber of Commerce.

The Authority provides personnel and supplies to further housing outreach efforts directed at new homebuyers, vulnerable populations, veterans, minorities, Hispanics and persons with disabilities. We also offer educational opportunities for prospective homebuyers.

## **6. Process Management**

**6.1.** After assessing customer requirements and how those requirements can be met within the guidelines of applicable state and federal laws and regulations, staff work with focus groups and committees to determine the most efficient method of delivering our programs and communicated updated information about current programs.

We evaluate and rank Low Income Housing Tax Credit (LIHTC) proposals and deliver tax credits for housing to serve qualified tenants. We take advantage of all opportunities to utilize technology to better our processes by publishing data on our website, providing the LIHTC and HOME applications on disk and on the web.

The primary mission of the Tenant-based and Contract Administration programs is to pay rental subsidies for eligible clients in eligible units. Compliance Monitoring works to ensure contractual compliance of properties that have received assistance through the Tax Credit, Trust Fund and Multi-family Bond programs. The Tenant-based program completed its transition to the Windows-based software update. This update tracks additional client information to meet new HUD reporting requirements. During the last year, RAC completed its transition into Contract Administration. To accomplish this, new software was brought on-line. Compliance Monitoring is currently reviewing software to replace the current database.

The underwriting process in the Loan Purchase Department is designed to respond to the lender within three days or less. A step-by-step program is followed and all documents, with a check-off sheet, are placed in order to speed the process. The AOD software is an aid to the process. A similar process is used in Mortgage Servicing in that lenders are required to follow the check-off sheets in order to deliver the servicing file in a complete and orderly manner. The newly introduced Lender-On-Line software allows participating lenders to enter reservations and to view loan status information and reports online. The use of this software has eliminated delay problems that were present under the old manual system. Savings to the Authority can be measured by the reduction of clerical workload by eliminating the manual reservations system, reduced the number of phone calls therefore eliminating the need for an additional clerical person.

**6.2.** In order to meet the agency mission to provide safe, decent, affordable housing to South Carolinians, staff must ensure that customers have access to programs funded and administered by the agency. We are audited in each program area by external auditors to ensure that program guidelines are being adhered to. Our internal auditor checks our processes to identify areas that can be improved.

All staff receive professional training on the compliance requirements of each program. Many of these training programs require certification examinations. Each area contains clerical, management and software edits to strengthen compliance with agency policies and procedures. We provide the quickest possible turn around time without compromising program integrity.

**6.3.** The agency internal support processes (human resources, information technology, finances, procurement) are organized into one department (Finance and Administration) and the directors of these divisions work together to streamline/coordinate processes of program areas and agency staff. Through the joint efforts of human resources and information technology, the agency leave system has been completely automated, expediting the request and approval process while eliminating paper processing. Human resources and information technology have also created an automated EPMS system with fillable form for the planning and final stages. In addition, we have created a fillable travel reimbursement form that calculates allowable reimbursement for employees. In addition, we have made all internal agency forms available on our intranet to expedite processes, thereby providing more employee time for program area requirements.

**6.4.** We consistently assess the quality of goods and services, provided by our suppliers. We procure all goods and services, information technology, construction, and consulting services as provided by the South Carolina Procurement Code and work with the Office of General Services to ensure that all requirements are met.

In addition, the information technology department works with our software vendors to provide user input regarding needed improvements.

## **7. Business Results**

**7.1.** –Agency divisions measure customer and stakeholder satisfaction in different ways. For example, the Restructuring program conducts follow-up meetings with tenants. Property owner satisfaction is determined by their willingness to sign restructuring agreements and renew project based rental subsidy agreements.

The Rental Assistance and Compliance (RAC) division periodically surveys customers to ascertain their level of satisfaction with the services provided and to receive feedback on possible additional services. In the most recent survey of tenant-based property owners and managers, 85% indicated general satisfaction with the program and staff. Most of the processed by the agency comments received related to items included in the Owners Handbook and the timeliness of payments. The handbook issues have been resolved and the newly-installed software is expected to expedite processing to ensure timely payments.

The Agency customers include tenants and property owners. Tenant families receive the benefit of direct rental subsidy or below market rents. The authority is required to hold tenant meetings on-site for properties entering the program for full debt restructuring. We request that the tenants comment on property condition, health and safety issues, property management and any other property related concerns. Tenant surveys are distributed for all properties accepted for restructuring assignments.

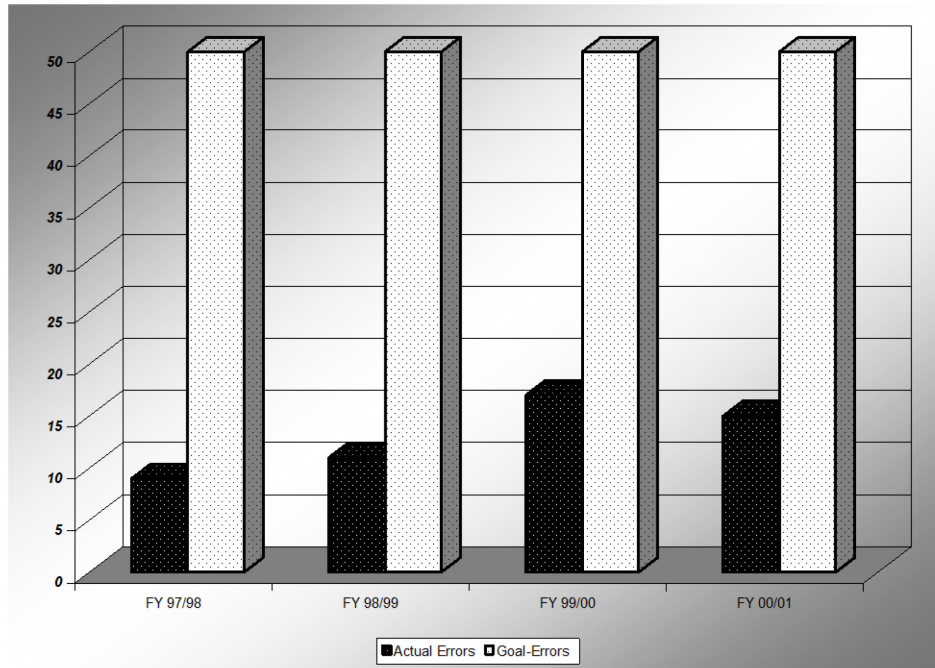
Tenants are also periodically surveyed to ascertain their level of satisfaction with the services provided and to receive feedback on possible additional services. In the most recent survey, 74% indicated general satisfaction with the programs and employees. Comments received concerned employee attitude, housing quality standards and confusion about the program. All respondents with comments were contacted and the issues resolved. Annual Tenant Advisory meetings are held to solicit first-hand tenant input concerning RAC policies and procedures.

Kickoff meetings are held with the ownership of all properties entering the restructuring program. Owners are provided with program requirements and timelines.

Different agency programs that serve different customers use different indicators for measuring satisfaction with the program performance. For example, in Loan Purchase, turn around time is used as an indicator. Lenders and realtors are generally satisfied when turn around time is three days or less.

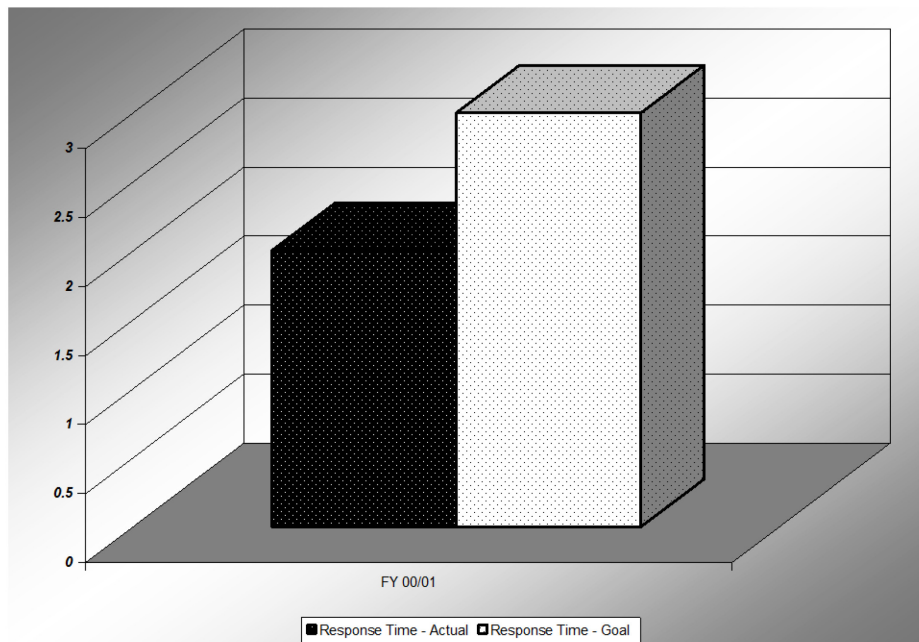
Customer satisfaction in the House Mortgage Servicing Department is measured by the number of complaints received from homeowners concerning errors in the department in our escrow accounting and default record keeping areas. The Mortgage Servicing Program monitors complaints about errors in property taxes, insurance, and payoffs as a guide. The goal in that program areas is to keep errors less than fifty during the fiscal year. Errors have been kept at less than 20 and are used as the indicator for customer satisfaction. Refer to Graph 7.1.a.





*Graph 7.1.a*

Customer Satisfaction in the Loan Purchase Department is measured by the turn around time and response to the lenders. The goal and benchmark is three days response time. The following graph (7.1.b) reflects the actual performance for the past fiscal year.



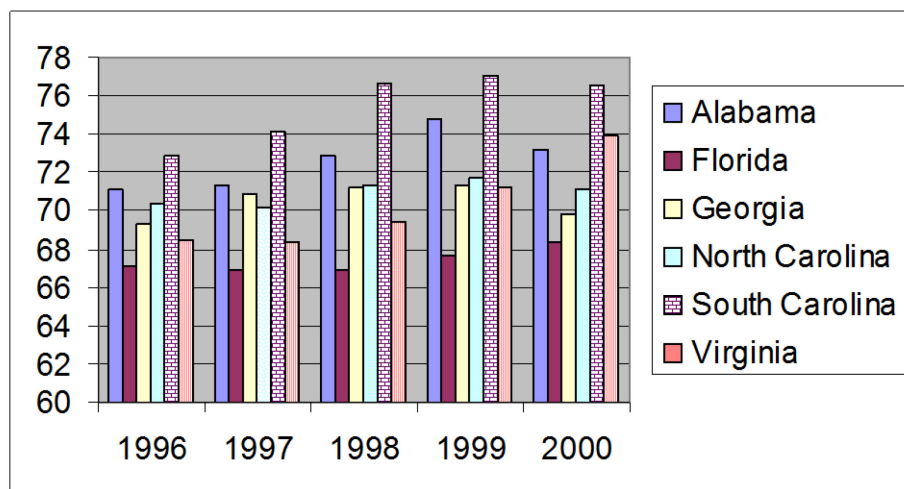
*Graph 7.1.b*

**7.2.** The South Carolina State Housing Authority is the state's single largest public developer of affordable multi- and single-family housing. Resources available to the Agency were invested in a wide range of programs to help address growing demand for affordable housing across South Carolina. The state's housing assistance activities included homeownership (mortgage) and downpayment loan assistance, single and multi-family housing development, preservation, rental and utility payment assistance, and special needs housing development for the very low income, homeless, disabled and elderly.

South Carolina has attained the highest level of homeownership in the Southeast, has a higher rate than the national average and competes with Michigan, the state with the highest rates in homeownership in the nation. The Authority programs help ensure that homeownership opportunities are made available to low and moderate income persons. See statistical information presented in Homeownership Rates In the Southeast and Homeownership Rates – National.

#### HOMEOWNERSHIP RATES IN THE SOUTHEAST 1996 – 2000

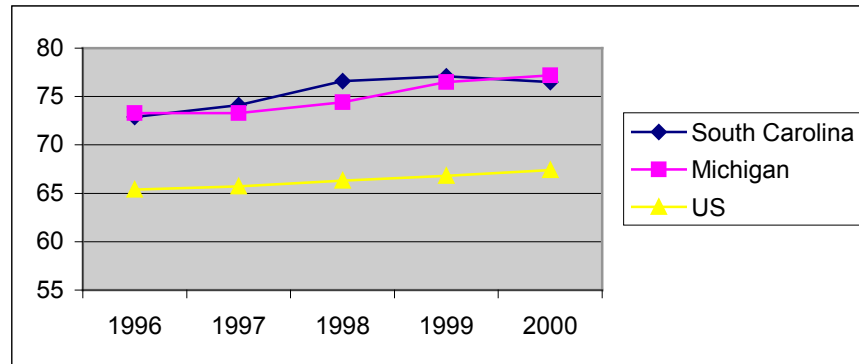
	1996	1997	1998	1999	2000
<b>Alabama</b>	71.1	71.3	72.9	74.8	73.2
<b>Florida</b>	67.1	66.9	66.9	67.6	68.4
<b>Georgia</b>	69.3	70.9	71.2	71.3	69.8
<b>North Carolina</b>	70.4	70.2	71.3	71.7	71.1
<b>South Carolina</b>	<b>72.9</b>	<b>74.1</b>	<b>76.6</b>	<b>77.1</b>	<b>76.5</b>
<b>Virginia</b>	68.5	68.4	69.4	71.2	73.9



*Graph 7.2.a.*

**HOMEOWNERSHIP RATES - NATIONAL**  
**US, South Carolina, Michigan (the state with the highest homeownership rates)**  
**1996 – 2000**

	1996	1997	1998	1999	2000
<b>South Carolina</b>	72.9	74.1	76.6	77.1	76.5
<b>Michigan</b>	73.3	73.3	74.4	76.5	77.2
<b>US</b>	65.4	65.7	66.3	66.8	67.4



*Graph 7.2.b*

The Authority helped meet the housing needs of an estimated 56,325 South Carolinians in 2000 due to the additional investment resources made available through public-private leveraging. Partnerships with mortgage lenders, for-profit and nonprofit housing sponsors, private developers, investors, local governments, and civic organizations resulted in the Authority nearly tripling the number of persons assisted with affordable and special needs housing (see Table 7.2.a). In 2000, a total of 1,966 housing units were constructed or rehabilitated (or financing was reserved for their future development); 2,500 first-mortgage and downpayment assistance loans purchased (creating 1,688 new homeowners); and rental housing was made more affordable for some 15,659 very low-income households.

**Major achievements**

	1999	2000
<b>Total Investments</b>	\$114 Million	\$320 Million
<b>Persons Assisted</b>	19,065	56,325
<b>New Homeowners</b>	1,059	1,688

*Table 7.2.a*

By using mortgage revenue tax-exempt bond proceeds and agency-generated funds, the Authority works with participating lenders to offer low-to moderate-income first-time homebuyer loans with affordable, below-market interest rates. During the fiscal year, the Authority purchased a total of 1,539 mortgages, totaling \$76.6 million. Refer to Table 7.2.b.

**HOMEOWNERSHIP PROGRAMS**  
**Mortgage Loans Purchased**

	<b>FY 97/98</b>	<b>FY 98/99</b>	<b>FY 99/00</b>	<b>FY 00/01</b>
<b>MRB Program</b>	\$10.3M	\$15.5M	\$83.5M	\$67.3M
<b>Special Programs</b>	\$40.2M	\$17.4M	\$33.8M	\$9.3M
<b>Grand Totals</b>	\$50.5M	\$32.9M	\$117.3M	\$76.6M
<b>First Mortgages</b>	888	536	1,703	1,090
<b>Second Mortgages</b>	509	353	778	449
<b>Total Mortgages</b>	1,397	889	2,481	1,539

*Table 7.2.b*

The Authority's portfolio contains a total of 10,385 first mortgages that are reviewed by five private sector providers in addition to Agency servicing. See Tables 7.2.c and 7.2.d.

**HOMEOWNERSHIP PROGRAMS**  
**Loan Administration**  
**(Mortgage Loans Managed)**

	<b>FY 97/98</b>	<b>FY 98/99</b>	<b>FY 99/00</b>	<b>FY 00/01</b>
<b>Principal Balances</b>	\$432.2M	\$397.7M	\$467.1M	\$491.4M
<b>Number Mortgages</b>	10,291	9,380	10,180	10,385

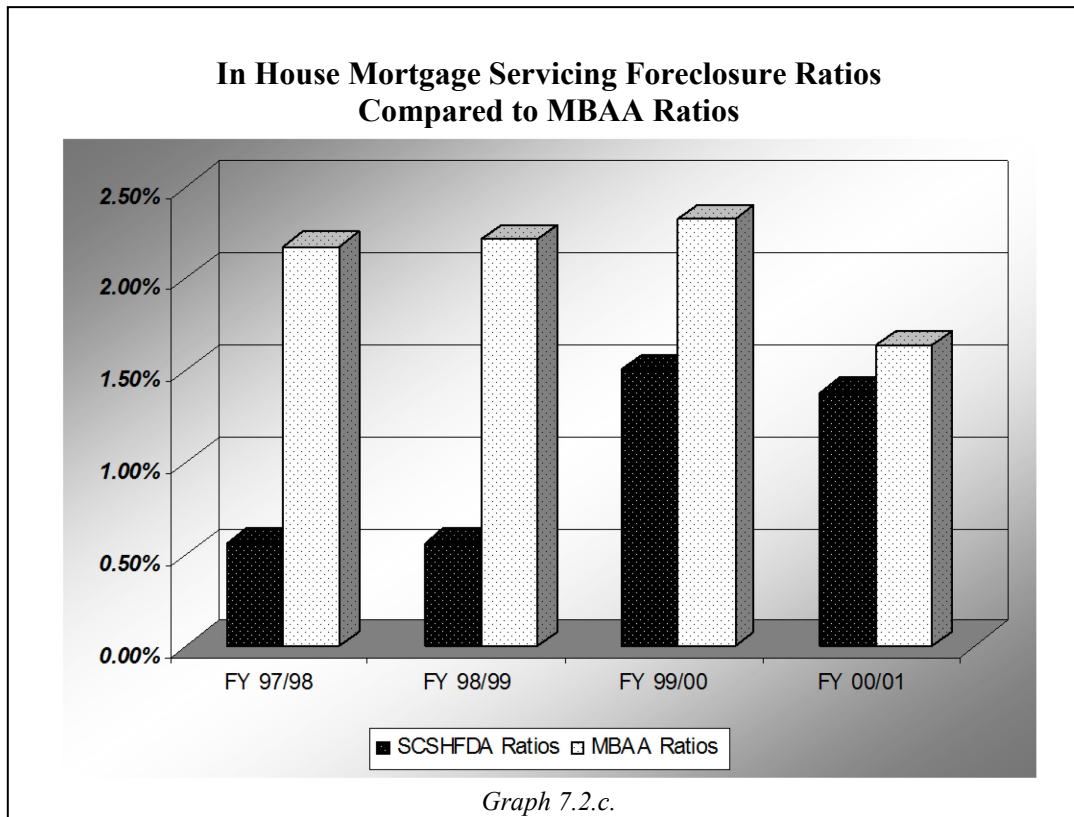
*Table 7.2.c*

**HOMEOWNERSHIP PROGRAMS**  
**In-House Mortgage Loan Servicing**  
**(Mortgage Loans Serviced)**

	<b>FY 97/98</b>	<b>FY 98/99</b>	<b>FY 99/00</b>	<b>FY 00/01</b>
<b>First Mortgages</b>	5,151	5,051	6,068	6,591
<b>Second Mortgages</b>	2,079	2,201	2,846	2,974

*Table 7.2.d*

The Mortgage Servicing Department has set a goal to keep Agency foreclosure ratios below that of the Mortgage Bankers Association of America. The Authority has maintained a ratio below that of the MBAA for several years. See Graph 7.2.c.



A total of \$7,903,700 million in 2000 HOME Investment Partnership (HOME) funds was made available for statewide competition. Twenty-seven (27) awards were made in eighteen (18) counties during this reporting period. 2000 HOME funds will help finance the development of 538 units of affordable rental, lease/purchase, and owned housing assisting the housing needs of and estimated 1,506 lower income South Carolinians. The HOME program continued to support housing unit preservation activities this year by offering rehabilitation as a funded housing development activity under both the homeownership and rental initiatives. Approximately 17 homeownership and 123 rental units have been rehabilitated using 200 HOME funds.

**7.3.** The Agency has adapted a program to provide tuition assistance for its permanent employees. The purpose of the program is to develop a better-educated workforce and to provide job enhancement opportunities for the employees within the Authority. Tuition assistance is provided for employees to attend courses that are directly related either to the employee's position or to a position to which the employee could progress or which is a part of a planned degree program in a field which is related to the Authority's mission. During the fiscal year of 2000-2001, four employees received tuition assistance from the agency.

Employees also benefit from different training programs offered at the Agency. During the fiscal year of 2000-2001, 85 of our employees participated in 283 in-house training sessions (see table 7.3.a). In addition, nine employees received Associate Public

Manager (APM) certification (required for all agency managers), and two employees received Certified Public Manager (CPM) certification. One graduated from the Executive Institute.

#### **Training**

Fiscal Year	1998-1999	1999-2000	2000-2001
Employees Attending In-House Training	75	95	85
Training Sessions Attended	272	504	283

Table 7.3.a

Advancement/promotional opportunities were provided for eight employees during the year. See Table 7.3.b.

#### **Promotions**

Fiscal Year	1997-1998	1998-1999	1999-2000	2000-2001
Number of Employees	8	8	3	8

Table 7.3.b

**7.4.** The Authority operates on the premise that its ability to expand housing and homeownership opportunities depends on the successful alliances we cultivate and maintain with private and public sector partners. A sense of common purpose and efficiencies achieved through resource sharing has led to substantial improvements in housing conditions and overall quality of life for scores of South Carolinians over the Agency's 30-year history. The Authority routinely works with other public agencies (federal, state, regional, and local) to design and deploy housing programs and to improve business processes.

Our alliances with the Department of Commerce, U.S. Department of Housing and Urban Development (HUD), USDA Rural Development, Human Affairs Commission, Department of Mental Health, DSS, DHEC, Commission on Minority Affairs, Department of Disabilities and Special Needs, Fannie Mae, banks and other financial institutions, industry and trade organizations, and many other agencies have led to the creation of new or enhanced housing initiatives as well as process improvements. Other specific examples include, among others, the South Carolina Partners in Homeownership, Interagency Coordinating Council for Affordable Housing and Community Development, and Housing Trust Fund Advisory Council.

**7.5.** The administration of the State Housing Finance and Development Authority is responsible for establishing and maintaining a system of internal control over its transactions. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. ~~The objectives of a system are to provide management with reasonable assurance of the processes.~~ To ensure legal compliance, Agency divisions are regularly audited by external agencies. These audits establish a basis for reliance upon the system of internal control to assure adherence to applicable rules and regulations.

The annual financial audit of the Authority conducted by Rogers & Laban, PA, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor

performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The results of the tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. The Agency complied, in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

The audit of agency internal procurement operating policies performed by the Office of Audit and Certification concluded that the Authority has maintained a "professional, efficient procurement system" and presented certain recommendations for improving the operations of the division.

The results of the audit conducted in the Human Resource division showed that the agency is in compliance with the delegation agreement and that all of the recommendations from the previous audit had been implemented.

**7.6.** Today, the Authority's programs have made housing affordable for more than 150,000 people. It has issued more than \$1.1 billion in tax exempt bonds that provide financing for affordable housing without the use of any tax generated revenues.

The six Authority programs are the cornerstone of South Carolina's affordable housing strategy. They provide the majority of resources that finance mortgage loans and produce much needed affordable housing across the state. With the exception of the South Carolina Housing Trust Fund, the remaining programs are authorized by Congress and regulated by the U.S. Department of Housing and Urban Development (HUD) and Internal Revenue Service (IRS). Congress establishes governing regulations and determines annual funding allocations (or financing authority) in Washington, but the Authority administers the programs at the state-level. The Authority is the managing agent of the major public funds allocated to South Carolina for affordable housing development. Federal program allocations (including bond issuing authority under the Mortgage Revenue Bond program) are population-based. The allocating agency uses the most recent Census data to calculate annual per capita funding thresholds for affordable housing and other publicly funded programs.

In addition to federal program funds, the Authority generates substantial resources through the sale of Mortgage Revenue Bonds (MRBs). Proceeds from the sale of bonds are used to finance lower interest mortgage and downpayment assistance loans for first-time homebuyers, and to finance innovative housing initiatives for which federal funds are either unavailable or their use-restricted.

According to the National Council of State Housing Agencies, the South Carolina State Housing Finance and Development Authority "ranks among the nation's most financially secure and well-managed housing finance agencies." Moody's and Standard and Poor's rate the Authority's Bonds AAA, and its loan portfolio is worth more than \$500 million. The financial performance of the authority's seasoned bond program was assessed as

very strong as reflected in a program asset-to-debt ratio of 1.97, the highest in the nation. This position is expected to grow steadily throughout of the life of the bond program.

In 2000, public funds leveraged private capital at an overall ratio of 7:1. The economic impact of this seven-to-one ratio is that every \$1 federal program dollar invested by the Authority in affordable housing activities attracted another \$7 in private or other capital. This represents an estimated \$1.6 billion in leveraged financing added to South Carolina's economy – the vast majority attributed to private sector investors. The investment of these additional resources significantly increased housing unit production, quality, and economic impact across South Carolina. Housing affordability, choice and accessibility were improved for lower income citizens statewide as a result of the Authority's investment decisions and the ability to attract substantial private resources.